

**TOWN OF POLLOCK, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

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June 13, 2002

**Independent Auditors' Report**

To the Mayor and Board of Aldermen  
Town of Pollock, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Pollock, Louisiana as of December 31, 2001 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Pollock, Louisiana, as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 13, 2002, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for the purposes of additional analysis and is not a required part of the general purpose

financial statements of the Town of Pollock, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly presented in all material respects, in relation to the general purpose financial statements taken as a whole.

*Rozier Harrington & McKay*

ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants



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June 13, 2002

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To The Board of Aldermen  
Town of Pollock, Louisiana  
Pollock, Louisiana

We have audited the financial statements of the Town of Pollock, Louisiana as of and for the year ended December 31, 2001 and have issued our report thereon dated June 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

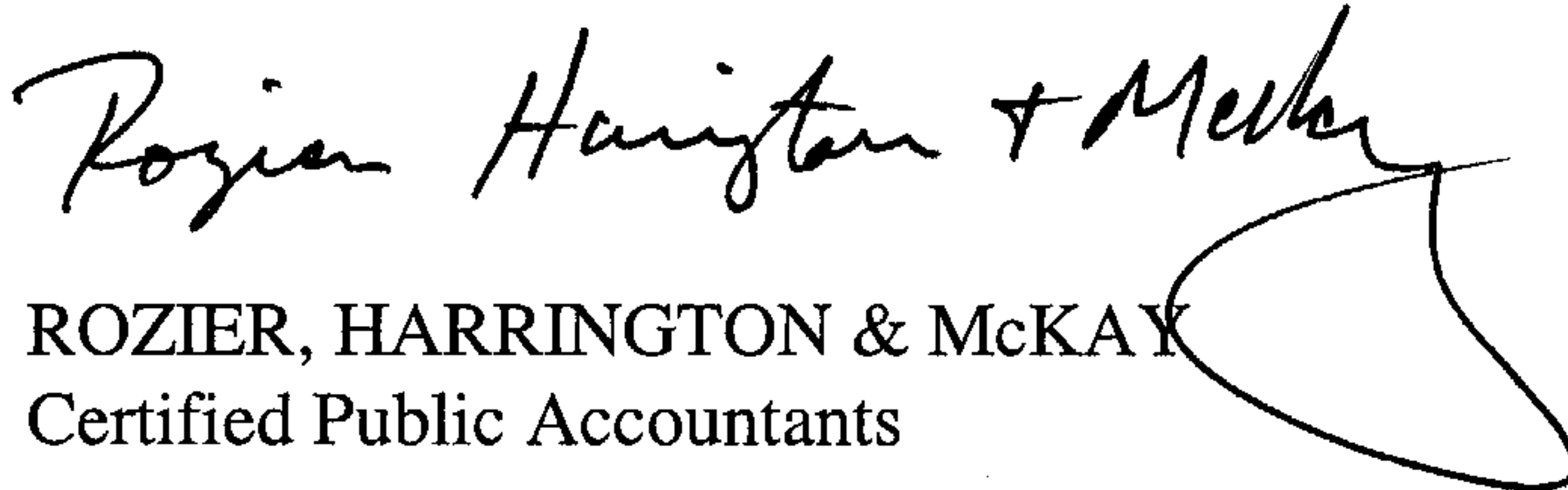
As part of obtaining reasonable assurance about whether the Town of Pollock, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Pollock, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to

the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**TOWN OF POLLOCK, LOUISIANA**  
**ALL FUND TYPES AND ACCOUNT GROUPS**

Combined Balance Sheet

December 31, 2001

	Governmental Funds		Proprietary Funds		Account Group		Total (Memorandum Only)
	General Fund	Capital Projects Funds	Enterprise Funds	General			
				Fixed Assets			
<u>ASSETS</u>							
Cash	\$ 58,694	\$ 75,832	\$ 49,285	\$ -	\$	183,811	
Receivables	6,948	-	13,313	-		20,261	
Due from other funds	21,767	-	17,806	-		39,573	
Due from other governmental units	3,592	-	1,044	-		4,636	
Restricted assets:							
Cash	-	-	587,175	-		587,175	
Advances to other funds	-	-	389,131	-		389,131	
Land, buildings and equipment (net of accumulated depreciation)	-	-	11,999,751	330,622		12,330,373	
Total assets	\$ 91,001	\$ 75,832	\$ 13,057,505	\$ 330,622	\$	13,554,960	

*The accompanying notes are an integral part of this statement.*

# TOWN OF POLLOCK, LOUISIANA

## ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet

December 31, 2001

	Governmental Funds		Proprietary Funds	Account Group		Total
	General Fund	Capital Projects Funds	Enterprise Funds	General Fixed Assets	(Memorandum Only)	
<b><u>LIABILITIES AND EQUITY</u></b>						
<b><u>LIABILITIES:</u></b>						
Accounts and other payables	\$ 11,083	\$ -	\$ 8,957	\$ -	\$	20,040
Interfund payables	2,956	-	36,617	-		39,573
Accrued interest payable	-	-	6,955	-		6,955
Current portion - bonds payable	-	-	42,788	-		42,788
Advances from other funds	259,856	-	129,275	-		389,131
Deposits due others	-	-	22,144	-		22,144
General obligation bonds payable	-	-	22,950	-		22,950
Revenue bonds payable	-	-	2,885,364	-		2,885,364
Total liabilities	\$ 273,895	\$ -	\$ 3,155,050	\$ -	\$	3,428,945
<b><u>EQUITY:</u></b>						
Investment in general fixed assets	-	-	-	330,622		330,622
Contributed capital	-	-	8,445,399	-		8,445,399
Retained Earnings:						
Reserved by bond covenants	-	-	192,312	-		192,312
Reserved for airport operations	-	-	706,179	-		706,179
Reserved for construction commitments	-	-	200,000	-		200,000
Unreserved	-	-	358,565	-		358,565
Fund Balances:						
Unreserved						
Undesignated	(182,894)	75,832	-	-		(107,062)
Total equity	(182,894)	75,832	9,902,455	330,622		10,126,015
Total liabilities and equity	\$ 91,001	\$ 75,832	\$ 13,057,505	\$ 330,622	\$	13,554,960

*The accompanying notes are an integral part of this statement.*



**TOWN OF POLLOCK, LOUISIANA**  
**GOVERNMENTAL FUNDS**

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended December 31, 2001

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b><u>REVENUES:</u></b>			
Taxes:			
Ad valorem	\$ 9,624	\$ -	\$ 9,624
Sales taxes	57,384	-	57,384
Franchise taxes	18,569	-	18,569
Licenses and permits	22,896	-	22,896
Intergovernmental:			
Other state funds	4,500	233,882	238,382
Fines and forfeitures	72,078	-	72,078
Use of money and property	2,959	3,139	6,098
Other	17,480	-	17,480
<b>Total revenues</b>	<u>205,490</u>	<u>237,021</u>	<u>442,511</u>
<b><u>EXPENDITURES:</u></b>			
General government	113,227	-	113,227
Public safety	95,168	-	95,168
Capital outlay	-	233,882	233,882
Sanitation	18,240	-	18,240
<b>Total expenditures</b>	<u>226,635</u>	<u>233,882</u>	<u>460,517</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(21,145)	3,139	(18,006)
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating transfers in	38,457	-	38,457
Operating transfers out	(10,000)	(3,139)	(13,139)
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	7,312	-	7,312
<b>Fund balance (deficit) - beginning of year:</b>	<u>(190,206)</u>	<u>75,832</u>	<u>(114,374)</u>
<b>Fund balance (deficit) - end of year</b>	<u><u>\$ (182,894)</u></u>	<u><u>\$ 75,832</u></u>	<u><u>\$ (107,062)</u></u>

*The accompanying notes are an integral part of this statement.*

**TOWN OF POLLOCK, LOUISIANA  
GENERAL FUND**

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Cash Basis) and Actual (Cash Basis)  
For the Year Ended December 31, 2001

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES:</u></b>			
Taxes:			
Ad valorem taxes	\$ 6,500	\$ 7,462	\$ 962
Sales taxes	50,000	56,610	6,610
Franchise taxes	17,500	18,569	1,069
Licenses and permits	20,000	22,896	2,896
Intergovernmental:			
Other state funds	-	4,500	4,500
Fines and forfeitures	75,000	72,078	(2,922)
Use of money and property	2,500	2,959	459
Other	15,000	17,480	2,480
<b>Total revenues</b>	<u>186,500</u>	<u>202,554</u>	<u>16,054</u>
<b><u>EXPENDITURES:</u></b>			
General government	113,650	109,419	4,231
Public safety	95,500	95,798	(298)
Sanitation	18,400	18,388	12
<b>Total expenditures</b>	<u>227,550</u>	<u>223,605</u>	<u>3,945</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(41,050)	(21,051)	19,999
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating transfers in	-	25,730	25,730
Operating transfers out	-	(10,000)	(10,000)
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	(41,050)	(5,321)	35,729
<b>Cash balance (deficit) - beginning of year</b>	<u>63,925</u>	<u>63,925</u>	<u>-</u>
<b>Cash balance (deficit) - end of year</b>	<u>\$ 22,875</u>	<u>\$ 58,604</u>	<u>\$ 35,729</u>

*The accompanying notes are an integral part of this statement.*

**TOWN OF POLLOCK, LOUISIANA**  
**PROPRIETARY FUNDS**

Combined Statement of Revenues, Expenses and  
Changes in Retained Earnings  
For the Year Ended December 31, 2001

	<u><b>PROPRIETARY FUNDS</b></u>
	<u><b>ENTERPRISE</b></u>
	<u><b>FUNDS</b></u>
<b><u>OPERATING REVENUES:</u></b>	
Water sales	337,108
Sewer services	201,508
Other	32,078
	<hr/>
<b>Total operating revenues</b>	<b>570,694</b>
	<hr/>
<b><u>OPERATING EXPENSES:</u></b>	
Depreciation	269,629
Insurance	16,314
Legal and professional	28,936
Other	75,317
Office expense	1,184
Payroll taxes and benefits	22,654
Repairs and maintenance	104,107
Salaries and wages	139,792
Utilities and telephone	54,392
	<hr/>
<b>Total operating expenses</b>	<b>712,325</b>
	<hr/>
<b>Operating income (loss)</b>	<b>(141,631)</b>
	<hr/>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>	
Ad valorem taxes	3,942
Interest income	28,170
Interest expense	(153,624)
	<hr/>
<b>Net income (loss) before operating transfers</b>	<b>(263,143)</b>
	<hr/>
<b>Operating transfers in (out)</b>	<b>(25,318)</b>
	<hr/>
<b>Net income (loss)</b>	<b>(288,461)</b>
	<hr/>
<b>Add depreciation on fixed assets acquired with contributed capital</b>	<b>158,952</b>
	<hr/>
<b>Net increase (decrease) in retained earnings</b>	<b>(129,509)</b>
	<hr/>
<b>Retained earnings - beginning of year</b>	<b>1,586,565</b>
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<b>Retained earnings - end of year</b>	<b>\$ 1,457,056</b>
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*The accompanying notes are an integral part of this statement.*

**TOWN OF POLLOCK, LOUISIANA**  
**PROPRIETARY FUNDS**

Combined Statement of Cash Flows  
For the Year Ended December 31, 2001

	<u><b>PROPRIETARY FUNDS</b></u>
	<u><b>Enterprise Funds</b></u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
Operating income	\$ (141,631)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	269,629
(Increase) decrease in receivables from utility sales	16,813
(Increase) decrease in other receivables	45,015
Increase (decrease) in accounts and other payables	(57,051)
Increase (decrease) in deposits due others	2,582
<b>Net cash provided (used) by operating activities</b>	<u>135,357</u>
<b><u>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>	
Repayment of advance	14,727
(Increase)decrease in due to other funds	(1,971)
Operating transfers from (to) general fund	(25,318)
Ad valorem tax receipts	3,942
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(8,620)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>	
Grant proceeds received	172,404
Asset acquisitions	(112,521)
Interest paid on general obligations and revenue bonds	(219,941)
Principal paid on general obligation bonds	(2,000)
Principal paid on revenue bonds	(32,791)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(194,849)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>	
Interest income	28,170
<b>Net cash provided (used) by investing activities</b>	<u>28,170</u>
<b>Net increase (decrease) in cash</b>	(39,942)
<b>Beginning cash balance</b>	676,402
<b>Ending cash balance</b>	636,460
<b>Restricted cash balance</b>	587,175
<b>Unrestricted cash balance</b>	<u>\$ 49,285</u>

**Supplemental Disclosure of Cash Flow Information:**

For the year ended December 31, 2001, the Town's Airport Fund reduced the balance due on its advance to the General Fund by \$12,727 in exchange for services provided by the General Fund.

*The accompanying notes are an integral part of this statement.*



**TOWN OF POLLOCK**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Pollock (the Town) was incorporated under the provisions of the Lawrason Act. The Town is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the Town include police protection, sanitation and street maintenance. The Town also operates a municipal airport, a water distribution system, and a sewer system.

The accompanying policies conform to generally accepted accounting principles for governmental units.

**Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Pollock for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon application of the these criteria, there were no potential component units and all of the Town's activities were included in the primary government reporting entity.



**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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**Fund Accounting**

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the Town:

**Governmental Fund Type**

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Funds - Account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

**Proprietary Funds**

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Account Groups**

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the Town other than those accounted for in the proprietary fund.

**Basis Of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are

**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

**Use Of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Restricted Assets:**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants.

**Budget Practices:**

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

**Fixed Assets:**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Since the Town does not capitalize infrastructures, these items are excluded from the general fixed assets account group. No depreciation has been provided on general fixed assets.

General fixed assets are reported at historical costs, including capitalized interest. For items acquired prior to January 1, 1995, there were few records supporting historical cost. Current replacement cost has been used as a basis for estimating historical cost incurred prior to January 1, 1995.

Property and equipment used in the proprietary fund operations are recorded at cost or estimated historical cost, including capitalized interest. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Prior to January 1, 1995, there were few

**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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records supporting the cost; therefore, costs were estimated based on research performed by the Town's consulting engineers.

**Cash And Cash Equivalents:**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

**Encumbrance Accounting:**

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

**Interfund Transactions:**

Interfund transactions are reported as operating transfers when the recipient fund is not expected to provide repayment. Transactions that are expected to result in repayment are reported as interfund receivables and payables. Any interfund receivables and payables that are not expected to be repaid within one year are classified as advances.

**Total Columns On Combined Statements:**

Total columns on the combined statements are captioned "Memorandum" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund transactions are not eliminated during the preparation of combined financial statements.

**Statement Of Cash Flows:**

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

**Fund Equity:**

**Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

**Reserves**

Reserves represent those portions of fund equity legally segregated for a specific future use.



**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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**NOTE 2 - CASH AND CASH EQUIVALENTS**

Deposits are stated at cost, which approximates market. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2001, the Town has \$778,784 in deposits (collected bank balance). These deposits are secured from risk by \$253,218 of federal deposit insurance and \$655,497 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3 - RECEIVABLES**

At December 31, 2001, amounts to be collected by the Town are as follows:

	General Fund	Capital Projects Fund	Enterprise Funds	Total
<b><u>Accounts Receivable</u></b>				
Utility Accounts	\$ ----	\$ ----	\$ 13,313	\$ 13,313
Ad Valorem Taxes	3,398	----	----	3,398
Franchise Taxes	3,550	----	----	3,550
Total Accounts Receivable	\$ 6,948	\$ ----	\$ 13,313	\$ 20,261

At December 31, 2001 there were no material amounts of uncollectible receivables and there was no provision recorded on the books.

**NOTE 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

At December 31, 2001, amounts due from other governmental units consisted entirely of Sales Taxes collected by the Grant Parish Sheriff's Office on the Town's behalf.

**NOTE 5 - LONG-TERM DEBT**

The following is a summary of bond transactions for the year ended December 31, 2001:

**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Total</u>
Bonds Payable, December 31, 2000	\$ 24,950	\$ 2,960,943	\$ 2,985,893
Issued	----	---	---
Retired	1,000	33,791	34,791
Bonds Payable, December 31, 2001	\$ 23,950	\$ 2,927,152	\$ 2,951,102
Less: current portion	1,000	41,788	42,788
Long-term	\$ 22,950	\$ 2,885,364	\$ 2,908,314

At December 31, 2001, the following Bond Issues were outstanding:

	<u>Outstanding Balance</u>	
	<u>General Obligation</u>	<u>Utility Revenue</u>
\$220,000 Water Revenue Bonds dated October 30, 1975, due in annual installments ranging from \$2,000 to \$13,000 plus interest at 5%, final installment due January 1, 2015.	\$ ----	\$ 115,259
\$25,000 Water Public Improvement Bonds Series A dated October 31, 1975, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2015.	11,975	----
\$25,000 Water Public Improvement Bonds Series B dated October 31, 1975, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2015.	11,975	----
\$225,000 Sewer Revenue Bonds dated November 10, 1981, due in annual installments ranging from \$2,000 to \$12,000 plus interest at 5%, final installment due November 10, 2021.	----	163,650
\$25,000 Water Revenue Bonds dated December 27, 1979, due in annual installments ranging from \$500 to \$1,000 plus interest at 5%, final installment due January 1, 2018.	----	13,656
\$140,000 Water Revenue Bonds dated June 22, 1983, due in annual installments ranging from \$1,000 to \$9,000 plus interest at 7.375%, final installment due January 1, 2023.	----	100,793
\$23,215 Rescheduling of Water Revenue Bonds per agreement dated February 7, 1997, due in monthly installments of \$151 including interest of 5%, final installment due December 7, 2015.	----	17,733
\$2,525,000 Utility Revenue Bonds, dated May 12, 1999, with proceeds to be collected in installments for the purpose of funding construction costs. Due in monthly installments of \$11,994 including interest of 4.75% beginning May 12, 2001, final installment due May 12, 2039.	----	2,510,529



**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

	<u>Outstanding Balance</u>	
	<u>General Obligation</u>	<u>Utility Revenue</u>
\$6,292 Rescheduling of Water Revenue Bonds per agreement dated February 7, 1997, due in monthly installments of \$44 including interest at 7.375%, final installment due August 7, 2023.	----	5,532
<b>Total</b>	<b>\$ 23,950</b>	<b>\$ 2,927,152</b>

A schedule of maturities of long-term debt follows for the years ended December 31:

	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Total</u>
2002	\$ 1,000	\$ 41,788	\$ 42,788
2003	1,000	43,070	44,070
2004	1,000	44,415	45,415
2005	2,000	47,824	49,824
2006	2,000	49,805	51,805
Thereafter	16,950	2,700,250	2,717,200
<b>Total</b>	<b>\$ 23,950</b>	<b>\$ 2,927,152</b>	<b>\$ 2,951,102</b>

**NOTE 6 - PROPERTY AND EQUIPMENT**

A summary of the property and equipment at December 31, 2001 consists of the following:

	<u>Balance 12/31/00</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/01</u>
<u>General Fixed Assets</u>				
Buildings	\$ 104,365	\$ ----	\$ ----	\$ 104,365
Vehicles	34,735	24,851	----	59,586
Equipment	17,807	----	----	17,807
Land	148,864	---	----	148,864
<b>Totals</b>	<b>\$ 305,771</b>	<b>\$ 24,851</b>	<b>\$ ----</b>	<b>\$ 330,622</b>

**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

	Balance 12/31/00	Additions	Disposals	Balance 12/31/01
<u>Proprietary Fund Fixed Assets</u>				
Water Distribution System	\$ 973,910	\$ 59,389	\$ ----	\$ 1,033,299
Wastewater System	1,748,521	53,132	----	1,801,653
Airport Improvements	180,400	----	----	180,400
Prison Utility System	7,454,731	----	----	7,454,731
Construction in Progress	2,790,647	233,882	----	3,024,529
Land	20,600	----	----	20,600
Total	13,168,809	346,403	----	13,515,212
Less Accumulated Depreciation	(1,245,832)	(269,629)	----	(1,515,461)
Net Property and Equipment	\$11,922,977	\$ 76,774	\$ ----	\$ 11,999,751

For the year ended December 31, 2001, depreciation expense totaled \$269,629.

**NOTE 7 - AD VALOREM TAXES**

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended December 31, 2001, the Town levied 7.33 mills for general corporate purposes and 2.25 mills for debt service on general obligation bonds issued by the waterworks enterprise fund.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed. There were no material amounts of uncollectible ad valorem taxes at December 31, 2001.

**NOTE 8 - CAPITAL OUTLAY**

In order to enhance the local economy, the Town has made property available for the construction of a Federal Prison. Certain infrastructure improvements are needed to make the prison site suitable for its intended purpose. Funding for the additional infrastructure has been appropriated by the State Legislature. The following projects have been included in the State's Capital Outlay Program:

Planning for water supply and sewage treatment disposal for the U.S. Correctional Complex	\$ 565,000
Construction of water supply and sewage treatment disposal facilities to serve the U.S. Correctional Complex	3,000,000
Construction of access roads for the U.S. Correctional Complex	3,180,000
<u>Total Funding</u>	<u>\$ 6,745,000</u>

Amounts which have been expended from the previously described funds are summarized as follows:

**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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	<u>Current</u> <u>Expenditures</u>	<u>Previous</u> <u>Expenditures</u>	<u>Total</u>
Water Supply and Sewage Treatment:			
Planning	\$ ----	\$ 565,000	\$ 565,000
Construction	----	2,984,432	2,984,432
Construction of Access Roads	233,882	2,790,647	3,024,529
Total Capital Outlay Expenditures	\$ 233,882	\$ 6,340,079	\$ 6,573,961

**NOTE 9 - CONTRIBUTED CAPITAL**

An analysis of the Town's contributed capital account is presented as follows:

Beginning Balance	\$ 8,198,065
Grant funding – USDA	172,404
Capital outlay funds – State of La.	233,882
Depreciation on Improvements Financed with Contributed Capital	(158,952)
Ending Balance	\$ 8,445,399

**NOTE 10 - RISK MANAGEMENT**

The Town is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town insures against these risk described above by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance coverage. Settled claims resulting from these insured risk have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 11 - PENSION PLAN**

The Chief of Police is the only employee eligible for retirement benefits. The Chief of Police is a member of the Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate board of trustees. Pertinent information relative to this plan is presented as follows:

*Plan Description.* All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.



**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending December 31, 2001 were equal to the required contributions for the year.

**NOTE 12 - INTERGOVERNMENTAL AGREEMENT**

The Town operates a municipal airport on property that was originally donated by the Federal Government. Since the property was provided by Federal sources, the Federal government retains a degree of oversight responsibility. In the course of exercising its oversight responsibility, the Federal Aviation Administration (FAA) determined that certain monies generated by the Airport property were used to fund non-airport municipal expenditures in violation with its agreements.

In response to the findings described above, the Town has entered into a repayment agreement with the FAA. The agreement, which was accepted by the FAA on November 11, 1987 requires the general fund to repay a total of \$350,899 to the Municipal Airport Enterprise Fund. Under the terms of the repayment agreement, the general fund is required to execute \$2,000 installments on an annual basis. In addition, the general fund will receive credit for the following in-kind services provided on behalf of the Airport.

- Twenty-four percent (24%) of the Town Clerk's salary.
- An annual allowance of \$600 for the Town Clerk's office expense.
- Twenty-six percent (26%) of the Police Chief's salary.
- An annual allowance of \$900 for the Police Chief's vehicle expense.

The amount currently payable by the general fund to the municipal airport enterprise fund is presented as an advance in the accompanying financial statements. The amount presented in the accompanying financial statements was computed as follows:

**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

Original Balance – November 11, 1987	\$ 350,899
In-kind payments for the year ended:	
December 31, 1995 through December 31, 2000	76,316
December 31, 2001	12,727
Cash payments for year 1995 through 2001	14,000
	<hr/>
Balance-December 31, 2001	\$259,856
	<hr/>

**NOTE 13 - RESTRICTED RESOURCES**

Restrictions imposed by various laws, regulations, contracts and grants are summarized as follows:

Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

The Town operates a municipal airport on property that was originally provided by Federal sources. Restrictions imposed by the donor require resources generated by the property to be used solely for operation of the Airport and maintenance of the property.

The Town has entered into various utility construction commitments and the Town expects to use approximately \$200,000 of its existing funds toward the cost of these projects. Accordingly, a portion of the utility funds retained have been restricted for the purpose of satisfying these obligations.

Assets, liabilities, and equity classified as restricted are summarized as follows:

	Utility Funds (Water & Sewer)	Municipal Airport	Utility Construction Commitments	Total
<u>Enterprise Funds</u>				
Cash	\$ 192,312	\$ 194,863	\$ 200,000	\$ 387,175
Advances to Other Funds	----	511,316	----	511,316
Total Restricted Assets	192,312	706,179	200,000	898,491
Liabilities Payable from Restricted Assets	----	----	----	----
Total Restricted Retained Earnings	\$ 192,312	\$ 706,179	\$ 200,000	\$ 898,491

**NOTE 14 – CONTINGENCIES**

**Litigation**

The Town is currently named as a defendant in a legal matter regarding traffic tickets issued by the municipal police department. Traffic tickets being addressed by the litigation were issued in a area that was determined to be outside of the Town's boundaries. The defendant has petitioned the court for a refund of all fines paid in connection with tickets issued outside of the Town's



**TOWN OF POLLOCK**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

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boundaries. Fines collected by the Town in connection with tickets of this nature total approximately \$80,000.

At the present time, it is impossible to determine the potential outcome of the pending litigation. Insurance coverage is available for the purpose of funding the Town's legal defense and paying any punitive damages that may be awarded by the courts; however, if the plaintiff prevails, the Town may be responsible for repaying fines collected.

**NOTE 15 – ECONOMIC DEVELOPMENT ACTIVITIES**

In order to enhance the local economy and provide employment opportunities for the citizens of Pollock, the Town has devoted substantial attention and resources to the development of a federal prison facility. The Town's activities associated with this project are summarized as follows:

**Prison Site**

In order to make the Town's property available for a prison site it was necessary to negotiate a release from the deed restriction. As consideration for the release of the deed restriction, the FAA required compensation for Town's Municipal Airport. The Town agreed to provide compensation by transferring funds from the Utility System to the Municipal Airport. Under the terms of this arrangement, funds are required to be transferred in annual installments of \$19,800. Furthermore, the annual transfers must be completed for a period of ten consecutive years beginning March 31, 2000.

Based on the present value of the compensation payable to Municipal Airport, the cost of the Utility System's investment in the prison site was determined to be \$154,764. Upon release of the deed restriction, the prison site was donated to the Bureau of Prisons.

**Utility Service Commitment**

The Town has entered into an agreement to provide water and sewer service for the federal prison facility. In order to fulfill this commitment, the Town constructed a new water system and sewer system, which are collectively referred to as the Industrial Utility System. Funding for a portion of new utility infrastructure was provided by a tap fee in the amount of \$1,000,000 that was collected from the Bureau of Prisons during 1999. Funding for the remaining improvements was provided by the capital outlay project described in Note 8 and by issuing revenue bonds.

Revenue earned from providing services to the Bureau of Prisons will be used to operate the Utility System and service debt incurred in connection with construction of the system. Furthermore, income from the Utility System will provide a source of funds for compensating the Municipal Airport for land that was included in the prison site.

**TOWN OF POLLOCK**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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**Access Road Commitment**

In order to provide access needed in order to operate the federal prison facility, the Town has agreed to construct a suitable access road. Funding for the access road is provided by the capital outlay project described in Note 8. The access road is expected to cost approximately \$3,100,000.

**NOTE 16 – ADVANCES**

As discussed previously, the Municipal Airport Fund is entitled to collect certain advances from other funds. The nature of these advances and the current balances are described in the following manner:

	Advances Receivable (Payable)		
	Municipal Airport <u>Fund</u>	General Fund	Utility Fund
The Municipal Airport Fund has provided advances to the General Fund. As discussed in Note 12, the original balance of \$350,899 is being eliminated through a formal repayment plan .....	\$ 259,856	\$ (259,856)	\$ ----
As discussed in Note 15, the Municipal Airport is entitled to receive compensation in exchange for land provided to accommodate a federal prison facility. The original balance of \$154,764 is payable in ten installments of \$19,800, which include interest computed at a rate of 4.75% .....	129,275	----	(129,275)
	<u>\$ 389,131</u>	<u>\$ (259,856)</u>	<u>\$ (129,275)</u>

**NOTE 17 – BUDGET PRESENTATIONS**

The Town adopts its operating budget for the General Fund on the cash basis of accounting, which differs from generally accepted accounting principles (GAAP). A reconciliation of net income determined using the cash basis of accounting and net income derived from the GAAP basis of accounting has been provided as follows:

Net income – GAAP basis		\$ 7,312
Non-cash Operating Transfers In		(10,875)
<u>Accounts Receivable:</u>		
Current	\$ (6,948)	
Prior	<u>6,757</u>	(191)
<u>Interfund Receivables Funds:</u>		
Current	(21,767)	
Prior	<u>21,767</u>	0
<u>Due from Other Governments</u>		
Current	(3,592)	
Prior	<u>2,818</u>	(774)

**TOWN OF POLLOCK**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001

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<u>Accounts Payable</u>		
Current	11,083	
Prior	<u>( 9,905)</u>	1,178
<u>Interfund Payables</u>		
Current	(2,956)	
Prior	<u>985</u>	<u>( 1,971)</u>
Net loss – cash basis		<u>\$ (5,321)</u>

**TOWN OF POLLOCK**  
**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

**TOWN OF POLLOCK, LOUISIANA**  
**CAPITAL PROJECTS FUNDS**  
Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended December 31, 2001

	<u>CAPITAL OUTLAY FUND</u>	<u>GENERAL CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
<b><u>REVENUES:</u></b>			
Intergovernmental:			
State capital outlay	\$ 233,882	\$ -	\$ 233,882
Use of money and property	<u>-</u>	<u>3,139</u>	<u>3,139</u>
<b>Total revenues</b>	<u>233,882</u>	<u>3,139</u>	<u>237,021</u>
<b><u>EXPENDITURES:</u></b>			
Capital outlay			
Access road construction	<u>233,882</u>	<u>-</u>	<u>233,882</u>
<b>Total expenditures</b>	<u>233,882</u>	<u>-</u>	<u>233,882</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	-	3,139	3,139
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>(3,139)</u>	<u>(3,139)</u>
<b>Excess (deficiency) of revenues and     other sources over expenditures     and other uses</b>	-	-	-
<b>Fund balance (deficit) - beginning of year</b>	<u>801</u>	<u>75,031</u>	<u>75,832</u>
<b>Fund balance (deficit) - end of year</b>	<u><u>\$ 801</u></u>	<u><u>\$ 75,031</u></u>	<u><u>\$ 75,832</u></u>



TOWN OF POLLOCK, LOUISIANA  
**PROPRIETARY FUNDS**  
Combining Schedule of Revenues and Expenses  
For the Year Ended December 31, 2001

	<b>WATERWORKS ENTERPRISE FUND</b>	<b>SEWER SYSTEM ENTERPRISE FUND</b>	<b>MUNICIPAL AIRPORT ENTERPRISE FUND</b>	<b><u>TOTAL</u></b>
<b><u>OPERATING REVENUES:</u></b>				
Water sales	\$ 337,108	\$ -	\$ -	\$ 337,108
Sewer services	-	201,508	-	201,508
Other	<u>8,519</u>	<u>16,295</u>	<u>7,264</u>	<u>32,078</u>
<b>Total operating revenues</b>	<u>345,627</u>	<u>217,803</u>	<u>7,264</u>	<u>570,694</u>
<b><u>OPERATING EXPENSES:</u></b>				
Depreciation	214,502	49,717	5,410	269,629
Insurance	7,088	7,088	2,138	16,314
Legal and professional	7,183	7,182	14,571	28,936
Miscellaneous	2,847	52,382	20,088	75,317
Office expense	1,184	-	-	1,184
Payroll taxes and benefits	14,725	7,929	-	22,654
Repairs and maintenance	18,044	82,041	4,022	104,107
Salaries and wages	91,428	48,364	-	139,792
Utilities and telephone	<u>23,617</u>	<u>26,920</u>	<u>3,855</u>	<u>54,392</u>
<b>Total operating expenses</b>	<u>380,618</u>	<u>281,623</u>	<u>50,084</u>	<u>712,325</u>
<b>Operating income (loss)</b>	(34,991)	(63,820)	(42,820)	(141,631)
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>				
Ad valorem taxes	3,942	-	-	3,942
Interest income	7,670	4,825	15,675	28,170
Interest expense	<u>(62,986)</u>	<u>(90,638)</u>	<u>-</u>	<u>(153,624)</u>
<b>Net income (loss) before operating transfers</b>	(86,365)	(149,633)	(27,145)	(263,143)
Operating transfers in (out)	<u>(22,591)</u>	<u>10,000</u>	<u>(12,727)</u>	<u>(25,318)</u>
<b>Net Income (loss)</b>	<u>\$ (108,956)</u>	<u>\$ (139,633)</u>	<u>\$ (39,872)</u>	<u>\$ (288,461)</u>

**TOWN OF POLLOCK, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**  
For the year ended December 31, 2001

Charles Butterfield, Mayor	\$ 5,750
Eugene Mayeaux, Mayor	3,000
Charles Butterfield, Alderman	1,083
Barbara Davis, Alderwoman	3,000
Jerome F. Scott, Alderman	3,000
Edith C. Willis, Alderwoman	2,000
Harold Kendrew, Alderman	1,815
Chris Jackson, Alderman	975
Warren D. Willett, Alderman	<u>3,000</u>
 Total Compensation	 <u><u>\$ 23,623</u></u>

**TOWN OF POLLOCK**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

We were engaged to audit the financial statements of the Town of Pollock as of and for the year ended December 31, 2001, and have issued our report thereon dated June 13, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report expressed an unqualified opinion on the Town's financial statements for the year ended December 31, 2001.

**Section I – Summary of Auditors' Results:**

- The Independent Auditors; Report on the financial statements for the Town of Pollock as of December 31, 2001 and for the year then ended expressed an unqualified opinion.
- The results of the audit disclosed no reportable conditions that are considered to be material weaknesses.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the general purpose financial statements of the Town of Pollock.

**The Town was not required to have a Single Audit; therefore, none of the reporting required by OMB Circular A-133 was required.**

**Part II – Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:**

- None.

**Part III – Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:**

- None.

# TOWN OF POLLOCK

## MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2001

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<b>SECTION I – INTERNAL CONTROLS AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
There were no prior year findings in this area.	Not applicable.
<b>SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
There were no prior year findings in this area.	Not applicable.
<b>SECTION III – MANAGEMENT LETTER</b>	
There was no management letter issued with the previous audit.	Not applicable.

**TOWN OF POLLOCK**  
SCHEDULE OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2001

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**SECTION I – INTERNAL CONTROLS AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

<b><u>Finding:</u></b> There are no current year findings in this area.	<b><u>Response:</u></b> Not applicable.
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**SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

<b><u>Finding:</u></b> There are no current year findings in this area.	<b><u>Response:</u></b> Not applicable.
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**SECTION III – MANAGEMENT LETTER**

<b><u>Finding:</u></b> There is no management letter issued with this report.	<b><u>Response:</u></b> Not applicable.
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